

**Tuesday, December 29, 2009**

**McNally Robinson bookstore closing in Don Mills due to bankruptcy**

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The closing of the McNally Robinson bookstore is most unfortunate, as it was one of the few stores at the Shops at Don Mills that actually served the community.

<http://www.winnipegfreepress.com/breakingnews/downturn-wallops-mcnally-80254507.html>

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McNally Robinson Booksellers has entered bankruptcy protection and is closing two of its four stores.

The locally based company's Polo Park location in Winnipeg is being shuttered on Sunday and its Toronto store in the new Shops at Don Mills big-box centre is being closed today.

"It's a painful thing, mostly because of the jobs being lost," co-owner Paul McNally said Monday night.

The result of the economic downturn combined with a difficult climate in general for bookselling, the move means 170 people, 100 of whom are in Winnipeg, will lose full- and part-time jobs. The company has 425 employees here, in Saskatoon and Toronto.

McNally said staff in Winnipeg were told of the closings Monday night. Toronto staff, he said, were to be informed this morning.

The Prairie Ink Restaurant & Bakery in the Polo Park location will cease operations today.

McNally insisted the two remaining stores, the flagship location at Winnipeg's Grant Park Shopping Centre and the other in Saskatoon, will remain open for business, as long as the company's bankruptcy application is approved.

"They make money," he said. "They have a loyal following."

Holiday gift cards and all reader reward cards will be honoured online and at the surviving stores.

"We'll still follow through on all special orders," McNally said. "Apart from the disruption in physical space, we plan to maintain customer service."

He said the company, which was started in 1981 by his wife, Holly, has filed a bankruptcy proposal under the trusteeship of auditors Ernst & Young. He expects the company will apply to the court for sanctioning of a reorganization in the coming weeks.

If all goes well, he said, a smaller company comprising the e-commerce website [www.mcnallyrobinson.com](http://www.mcnallyrobinson.com) and the wholesale division Skylight Books, as well as the two surviving stores, will emerge from bankruptcy protection.

The proposed restructuring, he said, will save approximately 250 jobs.

McNally refused to talk financial specifics.

"The new stores absolutely did not perform," he said. "Business at our other stores was flat, but it was a matter of us taking on huge new costs and not getting the commensurate new business."

The company opened its Polo Park location in April 2008 in the wake of closing its store in the downtown Portage Place mall. It also closed a store in downtown Calgary in August 2008 after operating it for five years.

Last April, it opened a much-hyped big box in Toronto's new upscale Shops at Don Mills. On Monday night, Paul McNally blamed that mall's developer, Cadillac Fairview, for failing to secure sufficient tenants and to even erect proper signage so consumers could find the mall.

"Obviously you buy a pig in a poke when you go into a new place," McNally said. "But one would think that Canada's biggest retail developer might have done a better job."

McNally Robinson is considered Canada's largest independently owned bookstore chain. Its major competitor, the vastly larger Chapters Indigo chain, operates three stores in Winnipeg.

McNally admitted opening two new outlets during a recession proved a costly error.

"It was bad timing, that's for sure," he said. "Bookselling has been struggling in general."

The difficult climate, he said, is the result of stagnant book prices, steep discounting and increasing competition from Internet sales and electronic text formats.

The American online bookseller Amazon announced on the weekend that it sold more e-books on Christmas Day than it did paper books. This was seen as the buoyant consumer response to the company's new Kindle electronic reader, a top-selling Christmas gift.

Earlier in the fall, Amazon and the Wal-Mart chain went head-to-head, selling new hardcover books for as little as US\$9.

"There was very aggressive, reckless discounting," McNally said.

In 2004, the McNallys' daughter Sarah opened a McNally Robinson store in Manhattan, where she had been working as an editor in the publishing business.

That store operates as a separate company and, in fact, changed its name to McNally Jackson Books in 2008 to reflect its co-ownership by Sarah's American husband, Chris Jackson.

[morley.walker@freepress.mb.ca](mailto:morley.walker@freepress.mb.ca)

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Simone Gabbay  
Founder  
Don Mills Friends  
416-446-0862  
[www.donmillsfriends.org](http://www.donmillsfriends.org)  
[donmillsfriends@pathcom.com](mailto:donmillsfriends@pathcom.com)